

Domestic Market Recap:

- Guar seed and gum prices got upward correction last week due to moderate demand from overseas. In addition to it, weak arrivals also become the influencing factor which drive the prices of guar seed up last week.
- With increase in guar seed prices, farmers are trying to release their holdings in the markets proved by increasing guar seed arrivals on a regular basis.
- Recent weakness in Rupee opens an opportunity for the foreign buyers to buy the guar gum at cheap rates.
- Guar sowing in Churu district declined compared to last year as sharp decline in guar seed prices in spot markets discourage the farmers to sown guar crop in their respective fields.
- It is notable that farmers are now pretty much disappointed with the recent crash in guar seed prices and they don't want to release their holding in the market at such a lower rates as reported.

Current Market Dynamics

Weak demand and continuous release from old stock amid higher coverage remain restrictive factors for guar and gum markets. Favorable monsoon and prospects for bumper production would continue to pressurize market fundamentals.

Meanwhile, Cumulative arrivals in the country of guar seed are reported to be around 56000 bags.

Export and Import Scenario

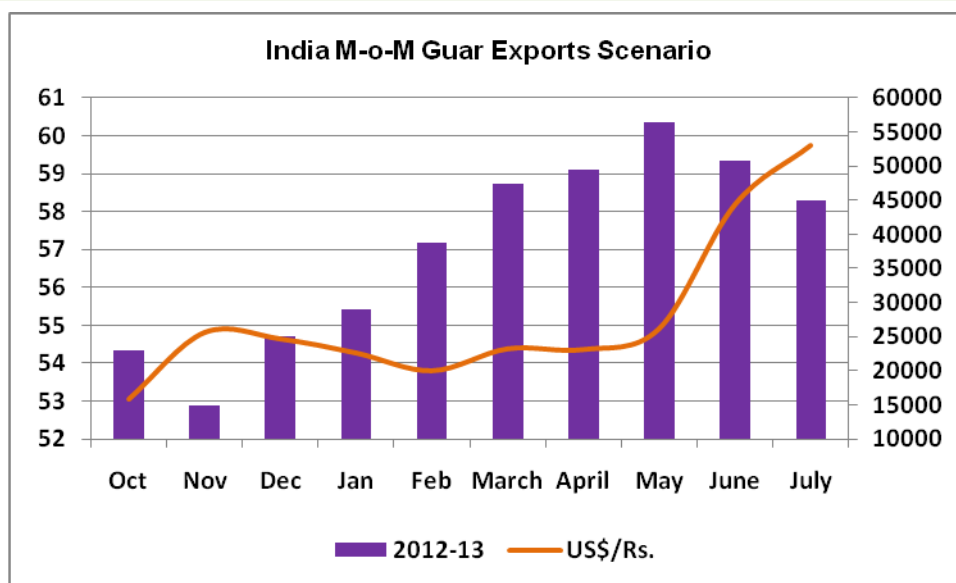
Presently, export demand from US and China remained consistent but not going to increase by huge volume as US has already huge stocks in Houston as reported.

As far as monthly exports are concerned, In the month of July 2013, exports of guar gum (split, powder and meal) were reported to be 45000 metric tons which is lower compared to 50820 metric tonnes exported in June 2013, according to IBIS.

Demand Side of Guar and Guar Gum:

It is notable that guar prices are falling owing to weak domestic demand. Higher crop expectations of Summer crop led the prices downwards.

As far as exports are concerned, around 30% of the total guar production has been exported towards China and US. It is notable that US Houston are offering FOB at \$7500 per ton as reported.



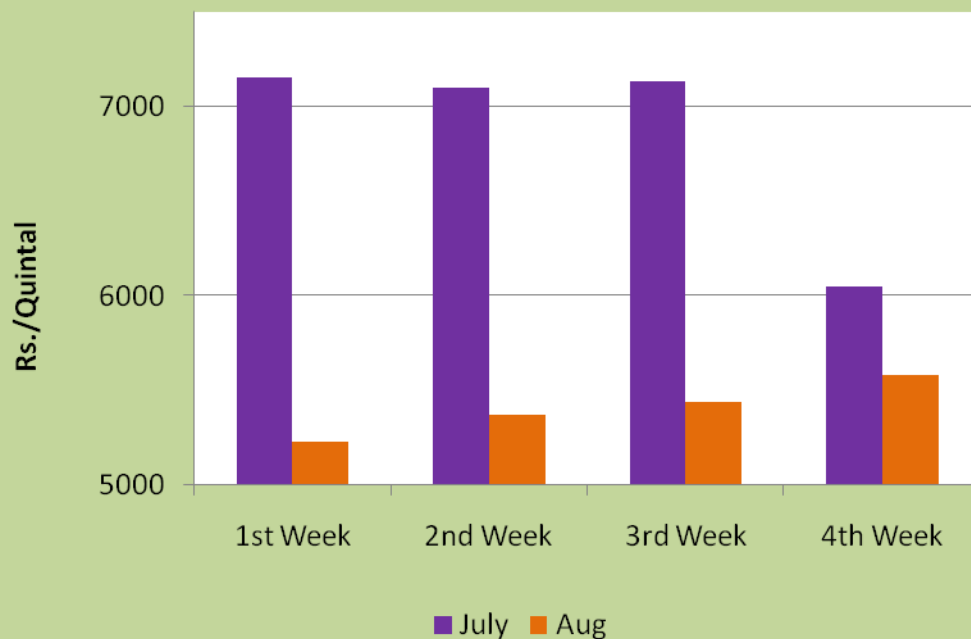
Crop Outlook

Haryana and Rajasthan are expected to cover higher area. As monsoon remains favorable bumper production is once again on the card. Sowing is over in Gujarat and it is under way in Rajasthan and Haryana. Crop condition in Gujarat is satisfactory so far. Farmers from Bikaner and Ganga Nagar would grow more guar this year as per feedback received from farmers so far.

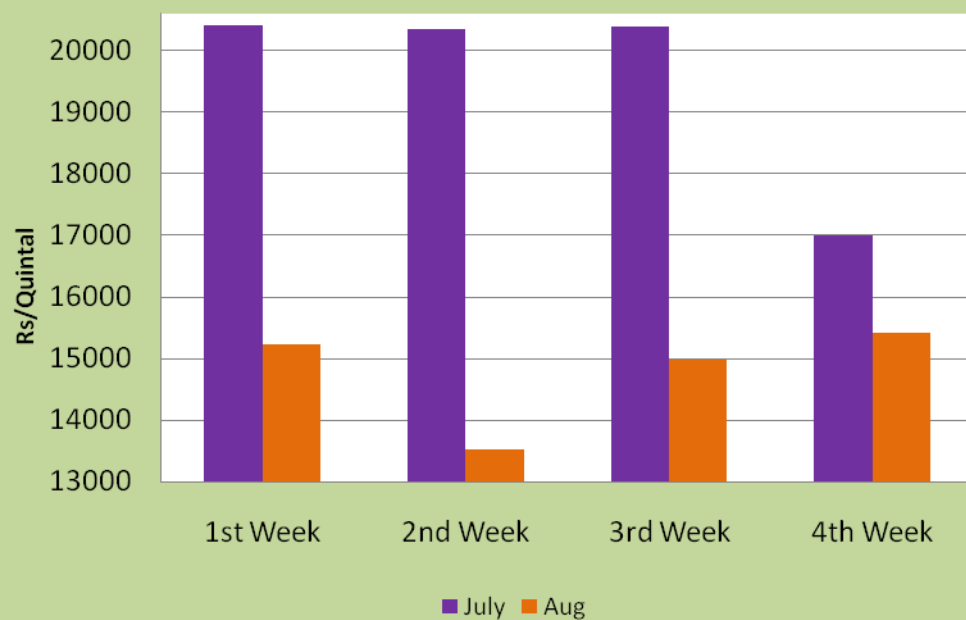
Price Scenario

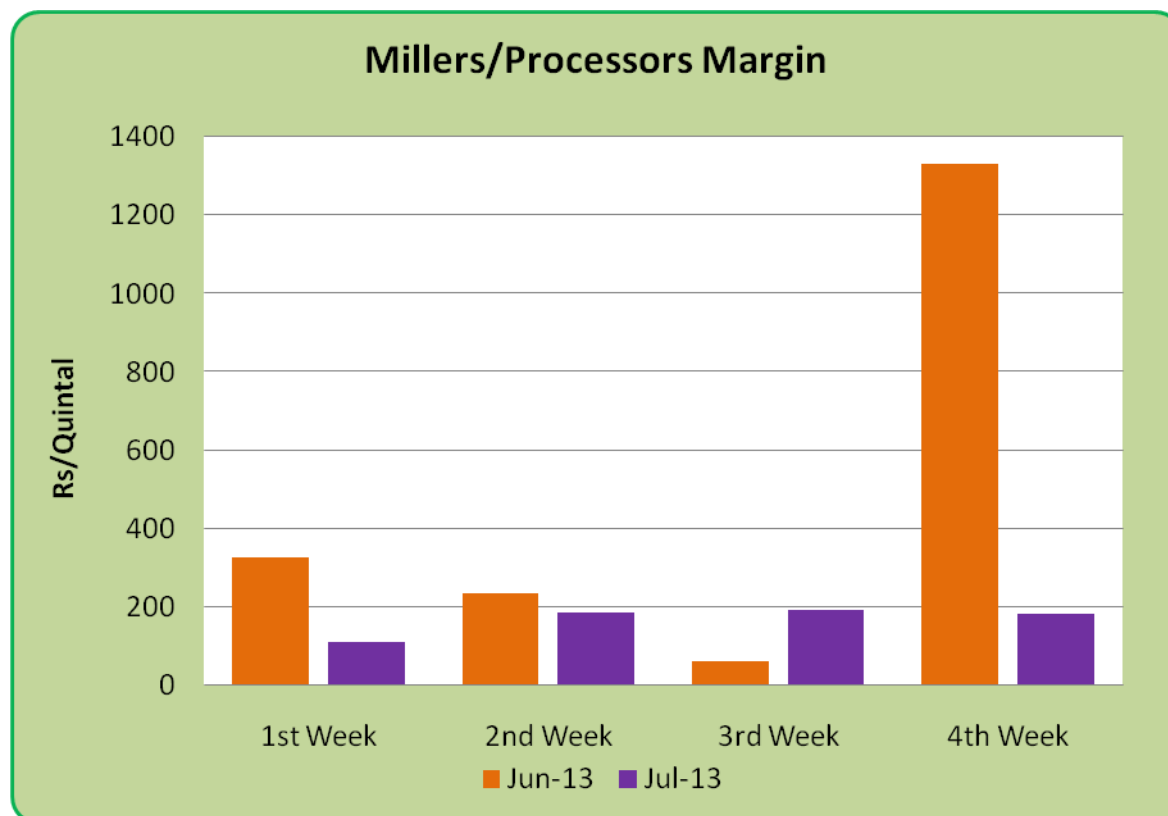
Guar seed weekly average prices improved during the week. In the fourth week of August, the average price of guar seed improved by 3% to Rs.5580/Qtl compared to prior week. Also, guar gum prices improved last week by 2.9% to Rs.15420/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.

Guar seed Weekly Average Price



Guar gum Weekly Average Price



Millers/Processors Margin


As seen in the chart above, the average crushing margin of guar seed Increased compared to previous week. In the fourth week of August 2013, average crush margin stood at Rs. 247.3 /Quintal compared to previous week's crush margin of Rs. 226.8/Quintal. Increase in prices of churi and chorma led the margin increase.

Guar by – Products Prices:

Commodity	Centre	23.8.2013	16.8.2013	Change
Churi	Jodhpur	1020	950	70
Korma	Jodhpur	1675	1625	50
Churi	Sri-Ganganagar	900	850	50
Korma	Sri-Ganganagar	1625	1500	125
Prices in Rs/75kg				

Guar Export Prices:

Commodity	Variety	23.8.2013	16.8.2013	Change
Guargum Split		2474	2589	42
Guargum Powder	200 Mesh 5000 CPS	3092	3074	-48
	200 Mesh 3500 CPS	2938	2912	-46

Guargum Meal	40%	280	280	40
	50%	440	440	40
Prices in \$/MT				

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		23.8.2013	16.8.2013	
Rajasthan	Guar Seeds			
	Jodhpur (Loose)	5500	5400	100
	Jodhpur(Delivery)	5800	5600	200
	Sri-Ganganagar(Loose)	-	5300	-
	Sri-Ganganagar (Delivery)	-	5500	-
	Nagaur (Loose)	5100	4700	400
	Alwar (loose)	5200	5000	200
	Churu (Delivery)	5600	5300	300
	Bikaner (Loose)	5550	5300	250
	Bikaner (Delivery)	5800	5500	300
	Khajuwala Bikaner (Loose)	5540	5350	190
	Khajuwala Bikane(Delivery)	5762	5564	198
	Nokha(Loose)	5300	5150	150
	Nokha (Delivery)	5490	5330	160
	Hanumangarh (Loose)	5650	5400	250
	Hanumangarh (Delivery)	5800	5500	300
Haryana	Adampur (Loose)	5750	5500	250
	Adampur (Delivery)	6000	5750	250
	Sirsa (Loose)	5800	4800	1000
	Bhiwani (Delivery)	5650	5250	400
	Dhabwali (Loose)	5670	5000	670
	Dhabwali (Delivery)	5850	5300	550

Gujarat	Deesa (Loose)	5150	5065	85
	Patan (Loose)	5255	4925	330
	Rajkot (Loose)	5125	5020	105
Madhya pradesh	Dabra (Loose)	4500	4600	-100
Guar Gum				
Rajasthan	Jodhpur	16000	14800	1200
	Alwar	16000	15000	1000
Haryana	Sirsa	-	12000	-
	Bhiwani	15600	15000	600
	Dhabwali	14600	13000	1600

Guar Cumulative Arrivals in Key Centers

Centre		Arrivals (Quintals)		Change
		23.8.2013	16.8.2013	
Rajasthan	Jodhpur	8500	8000	500
	Sri-Ganganagar	300	1800	-1500
	Nagaur	150	220	-70
	Alwar	700	700	Unch
	Churu	1200	900	300
	Bikaner	1400	700	700
	Khajuwala Bikaner	2350	700	1650
	Nokha	620	230	390
	Hanumangarh	490	180	310
Haryana	Adampur	11500	7000	4500
	Sirsa	1900	2000	-100
	Bhiwani	1800	900	900
	Dhabwali	310	410	-100
Gujarat	Deesa	697	555	142

	Patan (Loose)	266	144	122
	Rajkot	3524	1040	2484
Madhya pradesh	Dabra	25	45	-20
Total Arrival		35732	25524	10208

Spot Market Technical Analysis of Guar seed & Guar gum



Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Guar seed prices are moving in a range with weak tone as chart depicts. Guar seed prices recently broke its strong support level i.e. 7100 and it is heading towards its next support level i.e. Rs 4400 per quintal.



Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices are moving in downward channel as chart depicts. Prices break crucial level i.e. 19500 and likely to test its next support level i.e. Rs 13300 per quintal. Last candlestick depicts bearishness which also supports the statement.

Prices are likely to move towards Rs.13300/Qtl levels in the medium –term.

Spot Market Outlook:

Guar seed and gum prices follow the southward direction from last couple of months considering consistent arrivals, higher production estimate for next year, and lower stock position by traders in the markets.

However, increase in margin from converting seed to gum and higher degree of export at present rates might urge millers to increase their holdings of guar seed in the coming weeks as expected.

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